



NATIONAL COUNCIL SOCIAL SECURITY MANAGEMENT ASSOCIATIONS, INC.
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PRESS RELEASE

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"The Federal Retirement System for new employees should not be designed in an atmosphere of severe budget cutting and benefit trading," says Bob Fleminger, President, Social Security Managers Association. "In order to attract and retain quality employees, the retirement system that is enacted must be created independently of other benefits. It also must provide adequate salary replacement levels in order to compete properly with pension plans offered by most corporate employers in the United States."

The Social Security Managers Association today released a detailed study done by their organization stating the facts about the federal employees retirement system as compared to myths that have been perpetrated by the Office of Personnel Management and other critics of the federal employees retirement system. This document entitled "The Facts Revealed" displays the actual benefit levels of the current federal employees retirement system as compared with those offered by most major employers in the United States. The current federal employees retirement system is neither more generous nor most costly to the federal government in the long run than these other pension plans. For example, the salary replacement level offered to private sector employees who retire is remarkably comparable to that offered to federal employees, regardless of the age when retirement occurs. For example, a private sector employee who retires at age 55 is entitled to approximately 50% of salary replacement, while a federal employee retiring at the same age who also has 30 years of service receives 56% of salary. The federal employee with 40 years of service is able to retire with 75% of salary replacement while the private sector counterpart usually retires with 75 to 80%. Additionally, the pension plan provided to the private sector employee is generally provided without cost to the employee except for the employees contribution to social security.

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The Social Security Managers Association also announced that it favors the adoption of such a plan for new federal employees who commence their employment after January 1, 1984. In addition, the Social Security Managers Association supports the adoption by the federal government of a thrift plan whereby federal employees could shelter some of their salary until they were older and presumably in a lower tax bracket. Such a thrift plan should have matching contributions by the federal government for at least a portion of the employee's contribution. The Social Security Managers Association also supports the continuation of the existing federal employees retirement system for those employees who were employed prior to January 1, 1984, with an option to those employees to move to the new system.